

## GRAIN INSPECTION, PACKERS AND STOCKYARDS ADMINISTRATION

### REVISED FY 2000 and FY 2001 ANNUAL PERFORMANCE PLANS

The Grain Inspection, Packers and Stockyards Administration (GIPSA) was established in October 1994 as part of the U.S. Department of Agriculture reorganization. The mission of the Agency is to facilitate the marketing of livestock, poultry, meat, cereals, oilseeds, and related agricultural products and promote fair and competitive trading practices for the overall benefit of consumers and American agriculture. GIPSA is composed of two major programs: (1) Packers and Stockyards Program and (2) Grain Program.

The Revised FY 2000 and FY 2001 Annual Performance Plans reflect changes to the Agency's performance indicators. Most of these revisions are explained in the Agency's FY 1999 and FY 2000 Annual Performance Plans and FY 1999 Annual Program Performance Report and, as stated within those documents, reflect an attempt by the Agency to better represent the outputs and outcomes of the Agency's initiatives. All other changes are noted within the text of this revised plan.

More information regarding GIPSA's programs can be found in the GIPSA Strategic Plan.

**Goal 1:** Ensure a fair, open and competitive marketing environment for livestock, meat, and poultry.

**Objective(s):** 1.1 - Monitor, investigate, and analyze the livestock, meat, and poultry industries to determine if firms are engaging in any practice with the intent or with the effect of limiting or restricting competition. Initiate appropriate corrective action if evidence of anti-competitive practices is disclosed.

1.2 - Identify and correct unfair, deceptive, or discriminatory trade practices in the livestock, meat, and poultry industries.

1.3- Provide financial protection to livestock and poultry producers by ensuring subject firms and individuals comply with the payment, custodial, trust, bonding, and financial provisions of the P&S Act.

**Baseline:** GIPSA used FY 1998 data to establish baselines for the percent of investigations/issues resolved within 1 year and the amount of monetary recovery to producers. FY 1998 data indicate that 91 percent of investigations/issues closed during the year were resolved within 1 year of the investigation's starting date. Data also showed that producers benefitted by \$21.2 million as a result of correcting violations of the Packers and Stockyards Act. However, this monetary benefit does not reflect the deterrent effect of GIPSA's presence in the livestock, meat, and poultry industries.

**Program Activities:** Packers and Stockyards.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	\$13,159	\$16,016	\$14,928	\$19,348
<b>FTEs</b>	163	153	168	203

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Ensure a fair, open, and competitive marketing environment for livestock, meat, and poultry:				
Investigations (#).	1,684	1,218	1,800	1,800
Violations corrected within 1 year of investigation's starting date (%).	91%	98%	93%	93%
Assessment of the dollar value to producers resulting from correcting violations of the Packers and Stockyards Act (in thousands of dollars).	\$21,200	\$12,600	\$25,000	\$26,000

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Strategic Goal 1.2 to open, expand, and maintain global market opportunities for agricultural producers. GIPSA plans to increase the time devoted to analyzing issues involving competitive practices, financial protection, and trade practices to ensure a fair, open, and competitive marketplace for livestock, meat, and poultry. Timely resolution of investigative issues is critical to marketplace efficiency. The percentage of investigative issues resolved in a year's time is a critical measure of program performance. The Agency, will, therefore, strive to increase the percentage of investigative issues resolved within the span of one year with an overall improvement in marketplace efficiency. Faster resolution of issues will also result in an increase in the amount of money recovered for the benefit of livestock producers suffering economic losses in the marketplace. Using FY 98 as the established baseline, GIPSA will continually monitor loss recovery and focus on those issues having the greatest impact on the producer.

**Means and Strategies:** GIPSA's Packers and Stockyards Programs were restructured to strengthen enforcement against anticompetitive practices and provide greater flexibility and efficiency in enforcing the trade practice and payment protection provisions of the P&S Act. The Agency will expand its economic, legal, and computer expertise to address industry structure and competition issues. Investigations focusing on preventing anti-competitive behavior in procurement and sales practices and other practices that may limit or restrict competition are complex and often demand sophisticated econometrics analysis. Timely completion of these types of investigation requires significant human and capital resources. Congressional mandates to investigate specific issues have a direct impact on the Agency's ability to timely complete investigations and to conduct basic financial and weighing investigations. Nearly 90 percent of the funding for the Packers and Stockyards Programs of GIPSA is expended on employee pay, benefits, and investigative travel. A reduction in the funding level requested would restrict the Agency's ability to resolve violations of the P&S Act and consequently the amount recovered to the benefit of livestock and poultry producers. GIPSA plans to develop econometric models to help identify collusion, predatory behavior, market allocation, failure to compete, price and non-price discrimination and other restraints in the procurement of cattle, hogs and lambs by meat packers. GIPSA also plans to examine the competitive structure of the poultry industry especially as it relates to competing for grower services. An increase in funding in FY 2001 is also being requested to create Rapid Response Teams to address complex, high priority investigations with time sensitive issues requiring expeditious examination.

GIPSA coordinates its investigative activities with the Department's Office of the Inspector General and with the Department of Justice and the Commodity Futures Trading Commission. Coordination of investigations with these agencies, when appropriate, helps to eliminate a duplication of investigative efforts and can provide additional information pertinent to ongoing investigations.

**Verification and Validation:** Internal Agency procedures are used to track each investigation. This ongoing tracking process begins when an investigation is opened by a regional office and concludes when the investigation is closed. Information tracked includes staff years expended on each investigation, time from start to finish of each investigation, and the assessment of the dollar amount of recovery to the producer as the result of the investigation. Guidelines designed to promote uniform recording of this information into an electronic investigation/complaint log have been developed. Each quarter the information recorded in the complaint/investigation log maintained in each regional office is compiled and reviewed. The review includes selection of a representative sample of the investigations for verification and validation with the investigator directly involved in the investigation. The quarterly review promotes consistency and accuracy in reporting the results of investigations. Tracking procedures are being designed that will improve tracking of investigations that are closed by the regional office but remain open while undergoing review by the headquarters staff. Improved procedures will also track investigations forwarded to the office of the General Counsel for formal action.

**Goal 2:** Promote and protect the integrity of the domestic and global marketing of U.S. grain for the benefit of American agriculture.

**Objective 2.1:** Increase the efficiency of U.S. grain marketing by harnessing technology to streamline grain inspection and weighing processes and providing objective measures of grain quality, quantity, and end-use value.

**Baseline:** Baselines for each of the measures under this objective are based on data for FY 1999. In subsequent years, GIPSA may adjust baselines and measures as the Agency collects more data and gains more experience in the measurement arena.

**Program Activities:** Grain

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	\$2,825	\$2,714	\$3,410	\$5,554
<b>FTEs</b>	33	31	35	46

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Increase the efficiency of grain inspection and weighing processes:				
Method evaluations completed to maintain critical methodology (%).	--	94%	100%	100%
New and/or improved methods or tests (#).	--	49	12	13

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Strategic Goal 1.2 to open, expand, and maintain global market opportunities for agricultural producers. The competitiveness of the United States in the international grain

market depends largely on the efficiency of the U.S. grain market. That is, being able to supply the right

quality at the right time in an efficient and cost effective manner.

The performance measures for this goal measure progress toward (1) maintaining the technical reliability of the current testing methodology and (2) introducing new or improved methods to meet the changing market needs. Funding increases requested for FY 2001 will result in new and improved methods that are incorporated into the grain inspection system in future years.

**Means and Strategies:** GIPSA allocates resources under this performance goal into two primary activities. First, GIPSA must maintain the technical reliability of over 2,200 testing methods. This includes improving the reliability and efficiency of these existing test methods. Second, GIPSA must [a] identify the changing grain quality information needs of the market, [b] develop the technology to obtain the needed information, and [c] assess the impact of new quality information on market structure and performance.

In FY 2001, GIPSA seeks an additional \$2,144,000 and 11 staff years to address primarily the latter of these activities. Additional resources will allow GIPSA to effectively address the complex quality information needs emerging as a result of today's biotechnological advances. Biotechnology has accelerated the rate of change in agriculture with new varieties meeting both the agronomic needs of the farmer and the specific quality attributes of the end-user. The entire infrastructure of agriculture including production, transportation, storage, handling, processing, distribution, and marketing is being influenced. The emergence of biotech grains and the need for uniform assessments of those products directly impacts the marketing of U.S. grain and producers' bottom lines.

In response to market needs, GIPSA proposes to develop a reference laboratory for transgenic crops at its Kansas City Technical Center. The reference laboratory will fill a critical market need for a credible, independent reference laboratory to verify and standardize field-based testing methods. The laboratory will maintain the necessary reference material from the biotech firms (not available at any other laboratory) to ensure the accurate and precise detection of transgenic traits. If the reference material (i.e., DNA primer) is not adequately specific, there may be a cross-reaction, leading to a false positive. The laboratory will also verify the performance of commercially available transgenic testing methods for use in the official grain inspection system and the commercial grain trade.

GIPSA also proposes to increase its ability to measure enhanced quality attributes. Analytical tests required to assure the presence and/or specific content of a value trait are essential to ensure the supplier (i.e., farmer, cooperative, grain facility) receives the financial benefits derived from producing grain with value-added traits. These quality tests, however, may not adapt well to field analysis and may be too costly for frequent verification analysis. As an alternative to frequent testing for value traits, GIPSA will also evaluate procedures that would ensure the preservation of a specific quality trait from farm to end-user. Industry participants adhering to the procedures, based on a GIPSA audit, would be certified as meeting the specified quality attributes.

GIPSA's ability to reach the target value for the indicator, "new and/or improved methods or tests," is dependent upon the amount of funding received. For example, GIPSA projects that funding at the level requested in FY 2000 and FY 2001 will result in 12 and 13 new and/or improved methods or tests, respectively. GIPSA will also be challenged to keep pace with the rapidly changing information needs of the marketplace. Biotechnology, greater crop diversity, more specific end use product needs, and vertical market coordination/consolidation are changing information needs. GIPSA relies on customer input (producers, grain handlers, processors, and consumers) to identify needed market information and to mitigate the impact of these factors. Various mechanisms, including an advisory committee, industry forums, outreach groups, and surveys are used to interact with customers.

In the research arena, GIPSA works with ARS to develop a common set of research priorities for improving the efficiency of grain inspection and weighing processes. ARS and GIPSA scientists

collaborate on a variety of projects. This helps ensure that GIPSA and ARS research is complimentary rather than duplicative. Research projects often require complex economic analysis, and, for this, GIPSA relies on the Department's Economic Research Service.

**Verification and Validation:** Internal Agency procedures will be used to track method evaluations which are completed and the number of new and/or improved methods or tests. At the start of each FY, the Agency's Technical Services Division (TSD) establishes a prioritized list of those methods which, in its assessment, need to be evaluated. Throughout the year, TSD tracks whether the listed methods have been evaluated and calculates the percentage of planned evaluations which have been completed.

TSD and the Agency's Standards and Procedures Branch (SPB) are responsible for tracking new and/or improved methods or tests. Throughout the Fiscal Year, TSD keeps a running list of new methods and tests introduced by GIPSA or those methods and tests which GIPSA has improved. At the end of the Fiscal Year, TSD shares the list with SPB for review, and by working together, TSD and SPB agree to a final list of new and/or improved methods or tests. Shortly after the start of the new Fiscal Year, TSD and SPB submit the validated list to the Office of the Deputy Administrator for the Grain Program. Existing documentation within the Agency validates and verifies the action items were completed.

**Objective 2.2:** Enhance the uniformity of grain quantity and quality measurements to promote a more standardized framework for trade in the U.S. grain marketing system.

**Baseline:** Baselines for each of the measures under this objective are based on data for October 1997 through March 1998. In subsequent years, GIPSA may adjust baselines and measures as the Agency collects more data and gains more experience in the measurement arena.

**Program Activities:** Grain.

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	\$3,223	\$3,241	\$3,559*	\$3,728*
<b>FTEs</b>	44	44	44	45

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Provide a standardized framework for the U.S. grain trade:				
Statistical accuracy of original inspection results (%).	93%	95%	93%	93%
Standards under review.	3	3	3	3

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Strategic Goal 1.2 to open, expand, and maintain global market opportunities for agricultural producers. As discussed under Objective 2.1, having technology to measure

grain quality and quantity so that the market has ready access to reliable information is important to reduce marketing risk and increase market efficiency. Under this performance goal, GIPSA ensures that the technology developed under Objective 2.1 and deployed under Objective 2.3 is properly standardized to provide reliable results. This performance goal also involves the development of grading standards under the United States Grain Standards Act and the Agricultural Marketing Act of 1946. This involves working with all segments of the industry (producer to exporter) and the general public to achieve a consensus on the quality grades that best describe the needs of users. These quality grades are important to the market because (1) they provide a limited number of categories so that lots within each category can be substituted readily at equal value; (2) they facilitate information exchange allowing price differentials to influence decisions; and (3) they facilitate the establishment of price - value relations among various lots.

The measures for this performance goal measure the statistical accuracy of inspection results and the number of grading standards under review. A national quality assurance system measures the accuracy of inspection results in terms of their agreement with national references. The percentage of samples not having results exceeding a process control limit is determined to establish the system performance.

**Means and Strategies:** GIPSA's standardization funding is used to maintain the skills of inspection personnel on subjective grading skills, to performance test and standardize pieces of inspection equipment, to monitor new crop quality, and to monitor service accuracy for a variety of quality tests. GIPSA also uses these funds to maintain the grading standards under the United States Grain Standards Act and the Agricultural Marketing Act of 1946. Keeping these standards relevant in an ever-changing marketplace requires constant research and review. Both of these efforts are closely related and dependent on Objective 2.1. Improved measurement technology frequently improves the ability to standardize actual testing. Furthermore, knowledge gained when identifying the changing information needs of the market and when assessing the impact of providing new quality information on market structure and performance directly influences changes made to the grading standards.

GIPSA faces two key challenges concerning this performance goal. First, GIPSA must standardize the application of quality measurements to ensure the market has reliable quality information. This is achieved through a nationwide quality assurance program. Second, GIPSA must prepare for a greater future dependency on contract specifications and less reliance on grades to communicate grain quality. This will require achieving market consensus on how best to measure a specific quality attribute and communicate the results to all market participants. A standardized means to communicate a recognized quality attribute promotes information exchange and price discovery, key events to facilitate the marketing of U.S. grain.

GIPSA conducts grain inspection training seminars for inspectors, develops reference materials such as interpretative line slides, operates a check testing program for inspection equipment, conducts a check sample and monitoring program for oil protein, and mycotoxins, reviews a randomly selected number of samples to determine system accuracy, reviews additional samples to proactively prevent inspection problems from becoming marketing problems, and provides computer and statistical analysis of monitoring activities to maintain an accurate and standardized official inspection system. Collectively, these activities represent GIPSA's quality assurance and control program designed so that customers receive reliable inspection information.

Unusual crop quality is the leading external factor affecting inspection system performance. Crop quality varies from year to year and by geographic area. Unusual conditions can challenge an inspector's skills and testing methodologies. GIPSA relies on its national quality assurance and control program to mitigate the impact of unusual crop conditions.

GIPSA manages all activities related to the achievement of the above-mentioned performance indicators. As a result, formal agreements or cooperation with other agencies are not necessary.

**Verification and Validation:** The Agency's inspection result accuracy is determined by statistically selecting samples from a random number generator program. Selections are made only after the original results have been provided to producers or marketers. Records of the random numbers are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored.

Each year in the Agency's Annual Report to Congress, the Agency's Standards and Procedures Branch (SPB) reports on activities related to the grading standards. The information provided in the report is used to determine how many grading standards were reviewed during the previous FY.

**Objective 2.3:** Provide all segments of American agriculture with cost-effective and responsive official grain inspection and weighing services.

**Baseline:** The yearly average, based on FY 1986 through FY 1998 data, for the cost of the official grain inspection and weighing service using constant 1992 dollars indexed on the Gross Domestic Product is \$0.24 per metric ton. The yearly average, based on FY 1986 through FY 1998 data, for the cost of the official rice inspection and weighing service using constant 1992 dollars indexed on the Gross Domestic Product is \$0.94 per metric ton. In FY 1997, the percentage of customers who felt that the overall quality of the official service provided by the official inspection and weighing system was satisfactory was 88.3%, as determined by an Agency-administered customer survey.

**Program Activities:** Grain

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	\$32,519	\$42,557	\$42,557	\$42,557
<b>FTEs</b>	453	449	453	453

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
-------------------------------------	-------------------	-------------------	-------------------	-------------------

Provide cost effective and responsive official grain inspection and weighing services:				
Cost (\$) of official grain inspection and weighing service per metric ton using constant 1992 dollars indexed on the Gross Domestic Product.	\$0.26	\$0.22	\$0.24	\$0.24
Cost (\$) of official rice inspection and weighing service per metric ton using constant 1992 dollars indexed on the gross Domestic Product.	\$0.87	\$0.90	\$0.87	\$0.87
Satisfied customers (%).	- -	- -	88.5%	- -

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Strategic Goal 1.2 to open, expand, and maintain global market opportunities for agricultural producers. The official grain inspection and weighing system serves producers, handlers, processors, exporters, importers, and end-users of American grain by providing grain, rice, and commodity inspection and weighing services. The official system is a unique public-private partnership overseen by GIPSA. The system includes Federal offices and State and private agencies authorized by GIPSA to provide official inspection and weighing services to the domestic and export grain trade. Official inspections of grains, rice, and commodities are accurate and consistent because they are based on established standards and proven methods, techniques, and equipment, as described and measured under the previous two Objectives, 2.1 and 2.2.

As a general gauge of customer satisfaction, the Agency will also track customer satisfaction levels.

**Means and Strategies:** Emerging technologies, vertical integration and related industry streamlining, international trade influences, and supply and demand fluctuations are the leading external factors which shape how GIPSA's customers do business and, in turn, challenge GIPSA to continually improve the efficiency and effectiveness of its programs and services. These external factors, often working in tandem, are often unpredictable and necessitate that the Agency ever strive to be more efficient. GIPSA is working to keep pace with the rapid changes taking place by applying emerging technology to the official system (as reflected in Objective 2.1), automating communications and testing methodologies, and taking innovative approaches to service delivery. Ultimately, increased efficiency is reflected in the timeliness and per unit costs of the Agency's services. GIPSA is currently developing measures of timeliness and will be prepared to report on those measures at the end of FY 2000. GIPSA has begun, however, to measure the cost of providing grain and rice inspections on a per unit basis.

Beginning in FY 1997, the Agency conducted a survey of customers of the official inspection and weighing system to ascertain customer satisfaction. Pending clearance, the Agency plans to conduct similar surveys on a biennial basis. Last year, the Agency reported that it would strive to conduct similar surveys in FY 1999, 2001, and so forth. Due to the involved nature of the survey clearance process, however, GIPSA now projects that it will conduct customer surveys in FY 2000, 2002, and so on.

GIPSA cooperates with the Food and Drug Administration (FDA) and the Department's Animal and Plant Health Inspection Service (APHIS) and Agricultural Marketing Service (AMS) with regard to inspection and weighing activities. GIPSA Program Directive 9060.2 describes how GIPSA and FDA cooperate on

matters of food safety. Program Directive 9180.35 establishes procedures on how GIPSA assists APHIS in providing phytosanitary inspection services, and Program Directive 9180.14 explains how GIPSA works in cooperation with AMS to provide service for forwarding samples of grain to the AMS Federal Seed Lab



for analysis. The agreements between GIPSA and these other agencies, as described in the directives, ensure that the agencies' activities are complementary rather than duplicative.

**Verification and Validation:** The per metric ton cost of the official grain and rice inspection and weighing services are calculated annually. Inspection volume data are reported in the Agency's Grain Inspection and Weighing Information System and Export Grain Information System (for grain) and the Agricultural Marketing Act Output Report (for rice). Inspection volume data originate at the Agency's inspection sites, are reported on official inspection and weighing certificates, and are downloaded into these systems. The validity of the data, therefore, can be traced to the official inspection and weighing certificates and the related work records.

GIPSA relies upon the National Finance Center's (NFC) Central Accounting System and the Marketing and Regulatory Program Area's Washington Financial Services Branch (WFSB) for its financial data. WFSB obtains monthly financial data from NFC, and, in turn, WFSB prepares monthly financial statements for GIPSA. Each GIPSA manager is responsible for reviewing his/her work unit's monthly financial statement. If a manager questions any of the financial data, it is incumbent upon that manager to contact the Agency's Executive Resources Staff (ERS). In turn, ERS contacts WFSB which is responsible for contacting NFC to make any necessary corrections. Because of the "checks" built into the system, GIPSA is confident in the year-end expense figures for the grain and rice inspection and weighing accounts that are used in the calculation of the cost per metric ton performance indicators.

In FY 1997, the Statistics Branch of the Department's Agricultural Marketing Service (AMS) compiled, processed, and analyzed all customer survey data. GIPSA relied upon the expertise of the AMS statisticians to ensure the credibility of the data. In the future, the Agency will use in-house statisticians to compile, process, analyze, verify, and validate survey data.

**Objective 2.4:** Protect the integrity of U.S. grain marketing by regulating grain weighing and handling practices, and regulating the providers of official grain inspection and weighing services.

**Baseline:** Baselines for each of the measures under this objective are based on data for FY 1997 and FY 1998 to date. In subsequent years, GIPSA may adjust baselines and measures as the Agency collects more data and gains more experience in the measurement arena.

**Program Activities:** Grain

	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Estimate</b>	<b>FY 2001 Estimate</b>
<b>Funding (in thousands of dollars)</b>	\$4,465	\$4,655	\$4,551	\$4,919
<b>FTEs</b>	64	63	65	67

<b>PERFORMANCE GOALS AND INDICATORS</b>	<b>FY 1998 Actual</b>	<b>FY 1999 Actual</b>	<b>FY 2000 Target</b>	<b>FY 2001 Target</b>
---	---------------------------	---------------------------	---------------------------	---------------------------

Protect the integrity of U.S. grain marketing for the U.S. grain trade:				
Statistical accuracy of official agency inspection results (%).	94%	95%	94%	94%
Complaints and violation reports investigated (#).	50	43	50	50
Trade issues resolved (#).	5	10	8	8

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Strategic Goal 1.2 to open, expand, and maintain global market opportunities for agricultural producers. Through a system of review, investigation, and quality control, GIPSA's compliance program ensures the integrity of the official grain inspection system. GIPSA also lends technical expertise to the resolution of international grain trade disputes.

**Means and Strategies:** The FY 1999 indicator, "Official Agency compliance with designation criteria (%)," has been discontinued in FY 2000 since it is an internal indicator of process rather than output or outcome. Official Agency performance is already captured by the indicator, "statistical accuracy of Official Agency inspection results (%)."

GIPSA designates/delegates state and private agencies to provide official grain inspection and weighing services throughout the United States. To monitor the accuracy of Official Agency inspection and weighing results, GIPSA reviews a randomly selected number of samples inspected by the agencies (i.e., statistical accuracy of Official Agency inspection results). Finally, GIPSA monitors grain facilities to ensure compliance with applicable laws, and investigates complaints (foreign and domestic) and reported violations. The affiliated performance indicator is: "complaints and violation reports investigated (#)."

Unusual crop quality is the leading external factor affecting the statistical accuracy of the Official Agencies. Crop quality varies from year to year and by geographic area. Unusual conditions can challenge an inspector's skills and testing methodologies. GIPSA's national quality assurance and control program, which covers the entire official inspection and weighing system, will help GIPSA and the Official Agencies mitigate the impact of unusual crop conditions.

For FY 2001, GIPSA is requesting an additional \$150,000 and 1 staff year to support the Agency's increased role in international trade services and trade activities. GIPSA has become increasingly involved in addressing international grain trade issues - - emerging sanitary and phytosanitary (SPS) issues and other technical barriers to trade. GIPSA works cooperatively with the Animal and Plant Health Inspection Service and the Foreign Agricultural Service to resolve critical issues that limit or restrict trade; assist individual governments and organizations in developing and/or enhancing their grain inspection and weighing capabilities; and to enhance the international market's understanding of the U.S. inspection and weighing system.

GIPSA cooperates with the Department's Office of the Inspector General and the Office of the General Counsel when investigating complaints and reported violations. GIPSA also cooperates with the Department's Animal and Plant Health Inspection Service and the Foreign Agricultural Service in the resolution of international grain trade disputes.

**Verification and Validation:** The official agencies' inspection accuracy is determined, in large part, by

statistically selecting samples from a random number generator program. Selections are made only after the original results have been provided to producers or marketers. Records of the random numbers are maintained along with the records of the samples inspected. This allows GIPSA to audit these records to ensure that all selected samples are monitored. Completion of the original inspection result database will allow GIPSA to perform this operation electronically rather than manually. This should also enhance the verification and validation process.

All reported violations and complaints (foreign and domestic) are investigated thoroughly, including conducting on-site evaluations, if appropriate. All complaints and reported violations are logged in, and the progress of the actions taken are electronically monitored until each situation is resolved. Upon resolution, the complainants are advised of the actions taken by GIPSA.

The Agency's International Monitoring Staff (IMS) keeps track of all trade issues in which it has involvement via a simple database. Throughout the year, IMS tracks whether issues have been resolved and shares this information with the Office of the Administrator.

**Management Initiative 1:** Maintain a work environment that supports cultural diversity, civil rights, and continuous improvement.

**Baseline:** In Fiscal Year 1999, GIPSA conducted a detailed workforce analysis resulting in a workforce plan for Fiscal Years 1999-2004. The plan includes workforce goals, strategies, and action items for the Agency which may be reflected in future iterations of the Agency's strategic and annual performance plans.

**Program Activities:** All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	Included under program goals.			
<b>FTEs</b>				

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Implementation of workforce plan action items (%).	--	--	15%	9%

**Discussion of Annual Performance Goals:** The achievement of this annual performance indicator will support the achievement of USDA Management Initiative 1 to ensure that all customers and employees are treated fairly and equitably, with dignity and respect. This initiative will provide a comprehensive management process to develop a working environment where all employees are supported to reach their full potential. This initiative is consistent with the Department's civil rights and workforce planning policies.

**Means and Strategies:** GIPSA's workforce plan includes a list of action items, responsible parties, and targeted completion dates. Beginning in FY 2000, the Agency's Office of the Administrator will review each divisions and staff's quarterly progress in achieving those action items for which it is responsible.

Throughout the workforce planning process, GIPSA will rely upon the expertise and assistance of the Animal and Plant Health Inspection Service's Business Services which provides GIPSA with personnel, administrative, and financial support.

**Verification and Validation:** The Office of the Administrator will monitor progress toward this goal. This will be accomplished as part of the Agency's established quarterly updating process. Each division director and staff head submits to the Office of the Administrator a quarterly update of his/her work unit's progress in achieving program initiatives. As part of this process, each division director and staff head will also report on his/her work unit's progress in achieving the action items as given in the workforce plan and for which the unit is responsible. The Office of the Administrator will keep track of all action items via a simple database. Each division director and staff head will also be asked to report upon his/her work unit's progress as part of his/her annual performance evaluation.

**Management Initiative 2:** Ensure prudent financial management throughout the Agency.

**Baseline:** The baseline for the number of deficiencies and/or nonconformance is based on data presented in the U.S. Department of Agriculture's 1997 Federal Managers' Financial Integrity Act Report.

**Program Activities:** All

	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate	FY 2001 Estimate
<b>Funding (in thousands of dollars)</b>	Included under program goals.			
<b>FTEs</b>				

PERFORMANCE GOALS AND INDICATORS	FY 1998 Actual	FY 1999 Actual	FY 2000 Target	FY 2001 Target
Number of deficiencies and/or nonconformance.	0	0	0	0

**Discussion of Annual Performance Goals:** The achievement of these annual performance indicators will support the achievement of USDA's Management Initiative 4 to improve financial management and reporting. In the financial management arena, GIPSA's role and authority are unique and limited. GIPSA relies upon the National Finance Center (NFC) and the Marketing and Regulatory Program Area's Washington Financial Services Branch for financial support services. The central accounting system used by GIPSA and which falls under NFC's purview is subject to financial audits.

With regard to having reliable cost accounting information, GIPSA has long allocated all appropriate costs to appropriated and user fee program activities. As a result, GIPSA complies with all of the current requirements for cost accounting.

Should deficiencies and/or system nonconformance be identified during the course of reviews, audits, or evaluations, GIPSA includes in its annual report to the Secretary, in accordance with the Federal Managers' Financial Integrity Act (FMFIA), such findings, a corrective action plan for resolving the identified areas, and the progress the Agency has made towards resolving such deficiencies and/or nonconformance or any significant previously identified problem areas.

**Means and Strategies:** In accordance with the FMFIA, GIPSA has established internal accounting and administrative controls in the Agency's programs and financial management systems according to procedures and standards prescribed by the Comptroller General and annually reports to the Secretary on the condition of the Agency's internal controls. More specifically, the Agency will continue to review its programs and financial management systems to ensure that: controls and security measures are adequate; clientele information collected and generated is managed properly; and financial management systems comply with management, financial, accounting, budget, and information resources management standards.

**Verification and Validation:** It is the GIPSA management team's responsibility to identify any material weaknesses in the Agency's programs or nonconformance in GIPSA's financial management systems. Should deficiencies and/or system nonconformance be identified during the course of reviews, audits, or evaluations, GIPSA includes in its annual report to the Secretary, in accordance with the Federal Managers' Financial Integrity Act (FMFIA), such findings, a corrective action plan for resolving the identified areas, and the progress the Agency has made towards resolving such deficiencies and/or nonconformance or any significant previously identified problem areas.

<b>SUMMARY OF RESOURCES FOR FY 2000</b> <b>(Dollars in Thousands)</b>			
	<b>GOAL 1</b>	<b>GOAL 2</b>	<b>TOTAL</b>
<b>PROGRAM ACTIVITY 1 (Packers and Stockyards)</b>	\$14,928 168 FTEs		\$14,928 168 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Methods Development)</b>		\$3,410 35 FTEs	\$3,410 35 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Standardization)</b>		\$3,559 44 FTEs	\$3,559 44 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Trust – Inspection and Weighing)</b>		\$42,557 453 FTEs	\$42,557 453 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Compliance)</b>		\$4,551 65 FTEs	\$4,551 65 FTEs
<b>TOTAL</b>	\$14,928 168 FTEs	\$54,077 597 FTEs	\$69,005 765 FTEs

<b>SUMMARY OF RESOURCES FOR FY 2001</b> <b>(Dollars in Thousands)</b>			
	<b>GOAL 1</b>	<b>GOAL 2</b>	<b>TOTAL</b>
<b>PROGRAM ACTIVITY 1 (Packers and Stockyards)</b>	\$19,348 203 FTEs		\$19,348 203 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Methods Development)</b>		\$5,554 46 FTEs	\$5,554 46 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Standardization)</b>		\$3,728 45 FTEs	\$3,728 45 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Trust – Inspection and Weighing)</b>		\$42,557 453 FTEs	\$42,557 453 FTEs
<b>PROGRAM ACTIVITY 2 (Grain; Compliance)</b>		\$4,919 67 FTEs	\$4,919 67 FTEs
<b>TOTAL</b>	\$19,348 203 FTEs	\$56,758 611 FTEs	\$76,106 814 FTEs

(Note: Funding for management initiatives has been included under the program goals, prorated on the basis of FTE's.)